

Asset Management Plan 2010

Context

Named after the river that winds through the District to Oxford and the Thames, Cherwell District lies in central England astride the M40 motorway between London and Birmingham. 228 square miles in area, the District offers a unique and successful combination: its fine rural landscape provides some of the most attractive and picturesque scenery in Oxfordshire, whilst established commercial and industrial centres brings prosperity and economic strength in a highly accessible and desirable location.

Cherwell is a generally affluent area but there are significant differences in wealth distribution. Currently, the economic recession is affecting employment, and initially this appears to be most significant in the retail sector across the district, and in manufacturing and automotive industries in the Banbury area. Banbury in particular has pockets of severe deprivation, second only to Oxford in the County. Other forms of deprivation derive from rural isolation. There are 75 parishes and three main urban centres - Banbury, Bicester and Kidlington - which contain 65% of the residents. So Cherwell's population is - perhaps surprisingly - mostly urban, which gives rise to challenges more often associated with urban areas, in addition to common rural issues.

Whilst the Council does not have an extensive portfolio of property assets, it has been active in using the property it owns in a strategic, forward thinking fashion, to improve long term service delivery, to minimise operational costs, and to facilitate regeneration. The operational portfolio has been extensively modernised through the sports centres modernisation scheme, including the provision of a new sports centre in Banbury on a site which was previously surplus to requirements. The Council's offices have been refurbished to operate with much greater efficiency, and to provide more accessible services to the public, and currently the principal depot at Thorpe Lane, Banbury is being refurbished. Meanwhile land in the town centres, primarily used for car parking is being used to promote regeneration schemes to improve the facilities available and vitality of these centres.

Cherwell is facing many challenges in the next few years. New initiatives are needed to combat the effect of the recession on the local economy, to ensure local people are skilled to participate in local businesses, and to ensure that there is sufficient affordable housing to meet needs. The supply of new affordable housing is particularly affected by the downturn in house building. At the same time we need to encourage people to stay fit and healthy by providing leisure and sporting opportunities, and ensure that when people are unwell the healthcare they receive is of a high standard. We need to ensure a cleaner and more sustainable environment. And with efficiency very much at the top of the national agenda for all local authorities, we need to ensure that what we provide represents excellent value for money and is demonstrating continuous improvement.

The Council is also facing more difficult financial circumstances, and in particular, the likelihood of reducing government grant. As a result it is substantially revising its Medium Term Financial Strategy (MTFS). The Council can no longer rely on investment income from its cash investments to finance services. It also needs to create and maintain new sources of income that can be used to sustain an appropriate level of future capital investment. This will be necessary to maintain and develop key community assets.

Working increasingly with our partners in the county council, neighbouring district councils, other public providers and the third sector, we need to find collaborative and effective ways of meeting these challenges. We need also to continually engage with our citizens and communities to ensure that the way we work and use our resources is meeting the aspirations of local people.

The Council's Asset Management Plan has always sought to ensure that property and related assets are used as effectively as possible, whether it is by reducing service delivery costs, adding value to services, or creating income. Changes in economic circumstances, and the Council's response, taking account of its own financial position as set out in the MTFS create different overall investment priorities. This could significantly affect the role property assets and investments play. More direct investment in property, and in income generating services related to property assets, is now, potentially, more attractive as part of the overall balance of use of the Council's financial (and human) resources.

Whilst the Council has made improvements to the energy efficiency of its buildings when refurbishment schemes have been carried out, reducing the Council's reliance on fossil fuels will continue to increase in importance. Initiatives such as the renewable heat incentive scheme make the installation of alternative technologies such as biomass boilers and photovoltaic panels, a much more viable proposition. The Council may well wish to invest in such technologies to reduce its expenditure on fossil fuels, to reduce the carbon footprint of its activities, and to generate a return through the incentives available.

The Council's investment criteria are security, yield and liquidity in that order of priority. In general property investments are perceived to be secure as tangible assets. The yield on property investments is generally very attractive as compared to the current return on cash. In 2009/10 the return was approximately 6.82%. However, income continues to be adversely affected by the recession as rental values are under downward pressure, and when premises become vacant. Property investment is not generally a liquid form of investment, as sales can be time consuming and expensive. However, in the medium term these assets can be expected to increase in value, and provide increasing returns. In developing a revised approach to asset management in this context, it remains important that any direct investments are carefully related to core council functions and community needs. The Council must be clear why it wants to hold (and sometimes) manage property directly. The Asset Management Plan already demonstrates examples of this, such as supporting town centre redevelopment for regeneration reasons, and partnership use of surplus office stock to facilitate health service development.

Overall it is likely that use of, and investment in, property assets will become more important for the reasons noted above.

How property assets are used to meet strategic priorities

The principles that guide the Council's approach to addressing community needs generally also informs the way we make use of our physical assets. The strategic priorities agreed by Cherwell District Council are as set out in the Oxfordshire Sustainable Community Strategy:

1. Opportunities for all – our communities in 2030
2. Diverse and resilient – our economy in 2030
3. Connected and protected – our infrastructure in 2030
4. Resourceful and receptive – community leadership in 2030

Table 1 below illustrates how the Council uses its property and related assets to contribute to the council's strategic priorities.

Table 1 – Ambitions for the future and Asset Management

Ambition	Asset Management Priorities and Objectives
<p>Opportunities for all</p> <ul style="list-style-type: none"> • Focus activity on tackling deprivation in both urban and rural Cherwell • Offer high quality education, support and opportunities to our young people and families • Reduce the number of people who fear crime and feel unsafe in their area • Maintain and develop health services, including preventative health programmes that directly address health inequality and which enable residents to access services and information in order to lead healthy lives 	<p>To make assets available for community uses as widely as possible. To share assets with other public bodies to deliver a wide range of services by different service providers. Examples are:-</p> <ul style="list-style-type: none"> • Community centres let to community groups and self managed • Bradley Arcade community centre leased to OCC and used by the Sunshine Centre • Bradley Arcade unit used for Street wardens' base • Former Banbury town centre offices used as a health centre • Shared use of Linkpoint centres by other bodies to deliver services (e.g. CAB)
<p>Diverse and resilient – our economy in 2030</p> <ul style="list-style-type: none"> • Raise expectations and ambitions and provide a range of economic opportunities for everyone • Manage our infrastructure development matching housing growth with local jobs, transport to work, facilities and services • Promote and support business diversification and a sustainable economy in both urban and rural environments 	<p>The Council owns a number of small industrial units and neighbourhood shops. Currently these are let on commercial leases. It is proposed that the Council seeks to encourage small businesses and business start ups, by making premises available on non-commercial terms, and providing advice and support through Oxfordshire Business Enterprises.</p> <p>Whilst the Council retains very little land suitable for residential development, a number of garage sites and amenity areas on former council housing estates are retained. When the possibility of development arises, the provision of affordable housing is given priority rather than open market sale, when possible.</p>
<p>Connected and protected – our infrastructure and environment in 2030</p> <ul style="list-style-type: none"> • Cherish the resources that define Cherwell's character and distinctiveness including our natural environment, our built 	<p>The Council is a significant user of energy and water through its buildings. Much work has been done to reduce energy consumption, but this must continue. The Council has signed up to the Local Authority Carbon Management Scheme, and is developing a programme of work to</p>

<p>heritage and the vitality of our towns and villages</p> <ul style="list-style-type: none"> • Mitigate and adapt to the impacts of climate change including minimising our waste and resource use • Improve accessibility and tackle congestion including a shift in transport methods • Ensure our social infrastructure grows at the same rate as our communities and current deficiencies in provision are addressed 	<p>further reduce its carbon footprint. Currently measures are in hand to increase the use of renewable energy through the installation of photovoltaic panels at Thorpe Lane depot, and the introduction of biomass heating is planned.</p> <p>Other opportunities to be explored include the installation of renewable energy technologies at other high energy consuming sites, such as Bodcote House</p> <p>The Council seeks to ensure that appropriate infrastructure and community assets to support new development are secured through s106 agreements, although in the current economic circumstances, the ability of development to finance this is reduced</p> <p>The Council is working with OCC and Bicester Vision to bring forward a scheme to improve Market Square, Bicester, including the Council's public car park.</p>
<p>Resourceful and receptive – community leadership in 2030</p> <ul style="list-style-type: none"> • Ensure fully inclusive democratic structures and processes with leaders at all levels who listen and act on what they hear • Support the community, voluntary and private sectors to develop their role in active leadership • Develop and implement effective performance management to measure and demonstrate our progress • Communicate clearly about how we make decisions and what we have been working on and achieved 	<p>As set out above, community assets are generally managed by community groups, with financial support from the Council. Some premises are shared such as the use of offices at Bodicote House by the Registrar, and by the PCT. Recently arrangements have been made for the Council's offices at 38 Market Square to be used by Job Centre Plus.</p> <p>Other opportunities:-</p> <ul style="list-style-type: none"> • Increased sharing of premises with other authorities, such as surplus accommodation at Bodicote House, proposed future civic building in Bicester • Possible refurbishment and redevelopment at Exeter Close Kidlington to provide shared one stop shop and new Health Centre

The one to five year plan later in this plan illustrates in more detail the actions and priorities for asset management over the next one year and five year periods in order to deliver the specific goals and targets of the council and its community.

Overview of asset portfolio

Cherwell is a relatively small district, and whilst it has a portfolio of more than 120 properties, with a combined value of £108m, this is small in comparison to many Authorities. Consequently, arrangements for the administration and governance of property assets are proportionate to the complexity of the estate. However, it remains important to ensure that these arrangements are robust, and ensure that the assets underpin service delivery in an efficient, cost effective fashion. Table 2 below summarises the portfolio. This portfolio is diverse, covering:

- offices, depots and public buildings used in the delivery of services to the public;
- buildings owned by the council but used by others in delivering services, such as sports centres;
- buildings which provide capacity for local people themselves, such as community halls;
- civic amenities such as numerous car parks and public conveniences;
- temporary and specialised housing for vulnerable customers;
- properties let on a commercial basis, including a large shopping centre, smaller shop units and industrial units.

Table 2 Cherwell DC asset portfolio as at 31 March 2010

Description of asset type	Number	Value	Principal objective for asset type
Operational - General			
Administrative offices and stores	4		Refurbish Old Bodicote House in order that surplus office space may be let, reducing the Council's net office accommodation costs and improve space utilisation as its staffing levels continue to diminish.
Depots	2		Invest and maintain for direct service provision long term, following significant short term refurbishment and rationalisation and letting surplus space at Thorpe Way. Relocate Highfield depot Bicester to smaller premises, so existing site can be sold, when Thorpe Lane works have been completed.
Vehicle parks	27		Invest and maintain for direct service provision; facilitate development opportunities in short, medium and long term (Several Bicester car parks will

			be closed to enable the town centre redevelopment to start during 2011/12)
Sports centres	4		Contracts are in place for the long term management and maintenance of these facilities
Tourist information centres (including Banbury Linkpoint)	1		Invest and maintain for direct service provision (as required), long term
Museums (including Tooley's Boatyard)	1		
Public conveniences	5		
Bicester Shopmobility centre	1		
Operational - Housing			
Temporary accommodation units	10		It is proposed that temporary units at Ferriston shops be transferred to Sanctuary Housing under a lease, and be managed and maintained by them. Former temporary units at Orchard Way shops are to be transferred to Sanctuary and included in a redevelopment scheme due to start in 2010/11
Specialised (68 Springfield Avenue)	1		
Community Facilities			
Community Halls	7		Empower communities by facilitating support for community owners to invest and maintain long term; invest in/maintain new acquisitions in short term and seek transfer to community ownership in medium-long term
Sports Pavilions	2		
Miscellaneous (Trow Pool, Milcombe Dovecote)	2		
Miscellaneous parks and areas of public open space	-		Maintain to enhance environment while periodically reviewing opportunities for redevelopment or disposal
Miscellaneous amenity areas	-		Retained following Housing LSVT due to fragmentation of ownership of estates. Legal obligation to maintain amenity of estates. Formal appropriation in 2009/10, so no longer held for housing purposes, but held as public open space
Non-operational - General			
Let industrial units	14		Invest and maintain for

Let neighbourhood shop developments	4		commercial investment portfolio, with regular reviews to inform disposal/new acquisitions. In the current difficult letting market a number of units are proving hard to let. It is proposed that the possibility of making these available on flexible terms to new or small businesses, with additional support through the Economic Development service, is pursued. Orchard Way shops planned to be redeveloped by Sanctuary housing to provide replacement shops and modern affordable housing units starting in 2010/11
Shopping centres (geared ground rents)	1		Invest and maintain for commercial investment portfolio whilst influencing the supply of retail facilities
Miscellaneous	7		Invest and maintain for commercial investment portfolio, with regular reviews to inform retention/disposal decisions
Garage sites	16		Retained following Housing LSVT due to nature of occupation. Potential for development kept under review. Formal appropriation 2009/10 so held as investment assets.
Non-operational - Housing			
Shared ownership properties	20		Retained following LSVT but not core service requirement. Disposal to RSL under consideration

A detailed listing of all the council's property assets held in UNiform Property Management. This contains essential information on each property, including size, location (Unique Property Reference Number (UPRN) linked to the Local Land and Property Gazetteer (LLPG)), physical characteristics, ownership status, leases, tenancies and rent payment records etc. Asset values are recorded on a balance sheet by the chief finance officer and reconciled annually with the Head of Regeneration and Estates' hard copy records. Given the size of the property portfolio the council has taken the view that there is no business case for developing UNiform functionality for recording planned maintenance, and consequently this is held in Excel format.

Governance

Cherwell seeks to drive its asset management on the basis of priorities within the Sustainable Community Strategy, corporate plan and the service plans that flow from this. The Council's Financial Strategy (MTFS) is also a driver of asset management. Within an overall process that is designed to ensure alignment of priorities and

resources and obtain good value for money, a range of individuals at officer and member level have a role to play:

- Corporate Plan and service plans are agreed annually by the Executive on recommendation from the Council's Corporate Management Team (CMT). Both are an input into this Asset Management Plan.
- The Asset Management Plan is agreed, alongside a Financial Strategy, by the Executive following recommendation by CMT
- The responsibility for the strategic management of corporate and investment properties informed by the agreed Asset Management Plan lies under the control of the Executive Portfolio Holder for Economic Development and Estates. Responsibility for the majority of day to day management matters, and routine transactions, is delegated to the Head of Regeneration and Estates. Acquisitions and disposals up to £250,000 are subject to consultation with the Portfolio Holder, whereas larger transactions are treated as key decisions and reported to the Executive. The Portfolio Holder formally reviews progress quarterly against the AMP with the Head of Regeneration and Estates, the minutes of this review being circulated appropriately both for information and to inform action (see below).
- The responsibility for the management and maintenance of service properties within their existing uses lies under the control of the relevant service Portfolio Holders. The question of whether individual service properties adequately satisfy relevant service delivery criteria forms part of relevant service and value for money reviews and suitability assessments.
- The Council's Head of Regeneration and Estates, reporting to the Strategic Director, Planning, Housing and Economy, maintains a strategic overview of the Council's property requirements, and is responsible for providing advice to CMT on valuation and estates management matters. He also manages the Council's investment property portfolio. Returns on investment from this portfolio are reported annually to members. Changes to the investment portfolio are informed by the contents of the Asset Management Plan.
- Responsibility for the management and maintenance of the Council's properties is delegated to the Head of Regeneration and Estates. His team provides a building maintenance service for all Council departments, and undertakes regular condition surveys of all properties in order to inform and update a corporate maintenance schedule. All properties are surveyed within a 5 year period. The planned maintenance schedule is an input into this Asset Management Plan.
- The Council's own accommodation requirements are overseen by the Accommodation Project Board. This comprises a group of nominated Executive Members and senior officers, who monitor projects to drive forward improvements to the Council's premises. This Board monitored the recent refurbishment of Bodicote House, and oversees the Thorpe Lane depot refurbishment project, and the Old Bodicote House refurbishment scheme.
- Also of relevance is the Capital Investment Delivery Group (CIDG), an officer group comprising key officers from all three Directorates. The Group's terms of reference are focussed on ensuring that the capital programme is managed efficiently, and makes best use of the available capital resources. This requires a

strong linkage with the Asset Management Plan. However officer level consideration and recommendation of the Asset Management Plan lies with CMT.

- Effective corporate communication and decision making is facilitated by CMT who review of the minutes of CIDG, and together with Portfolio Holder review, this ensures alignment of the AMP with the MTFS.
- The implications of and plans for acquisition of new community assets (e.g. community buildings or open space) via planning agreements are considered initially by the Council's Planning Obligations Group. Information on service requirements and potential responsibilities for holding and management of assets are then considered by Head of Regeneration and Estates and the Portfolio Holder as part of the AMP review process, with consequent decisions taken through the AMP.

The CIDG (noted above) is intended to refocus capital programme monitoring in the context of overall financial and asset management. It is an officer group which monitors progress on the capital programme and seeks to ensure that the Council maximises its investment return. It checks schemes are progressing as planned, and that cash flow is managed as efficiently as possible. It also provides advice to CMT on future capital projects and initiatives. The group will consider the Council's property investment income, and evaluate proposals relating to this.

A soundly formulated capital programme must be driven by the desire to provide high quality, value for money public services. The CIPFA Prudential Code for Capital Finance in Local Authorities requires that in making its capital investment decisions the Council must have explicit regard to option appraisal, asset management planning, strategic planning for the authority and achievability of the forward plan. This is to ensure that, within a clear framework, the Council's Capital Programme is affordable, prudent and sustainable.

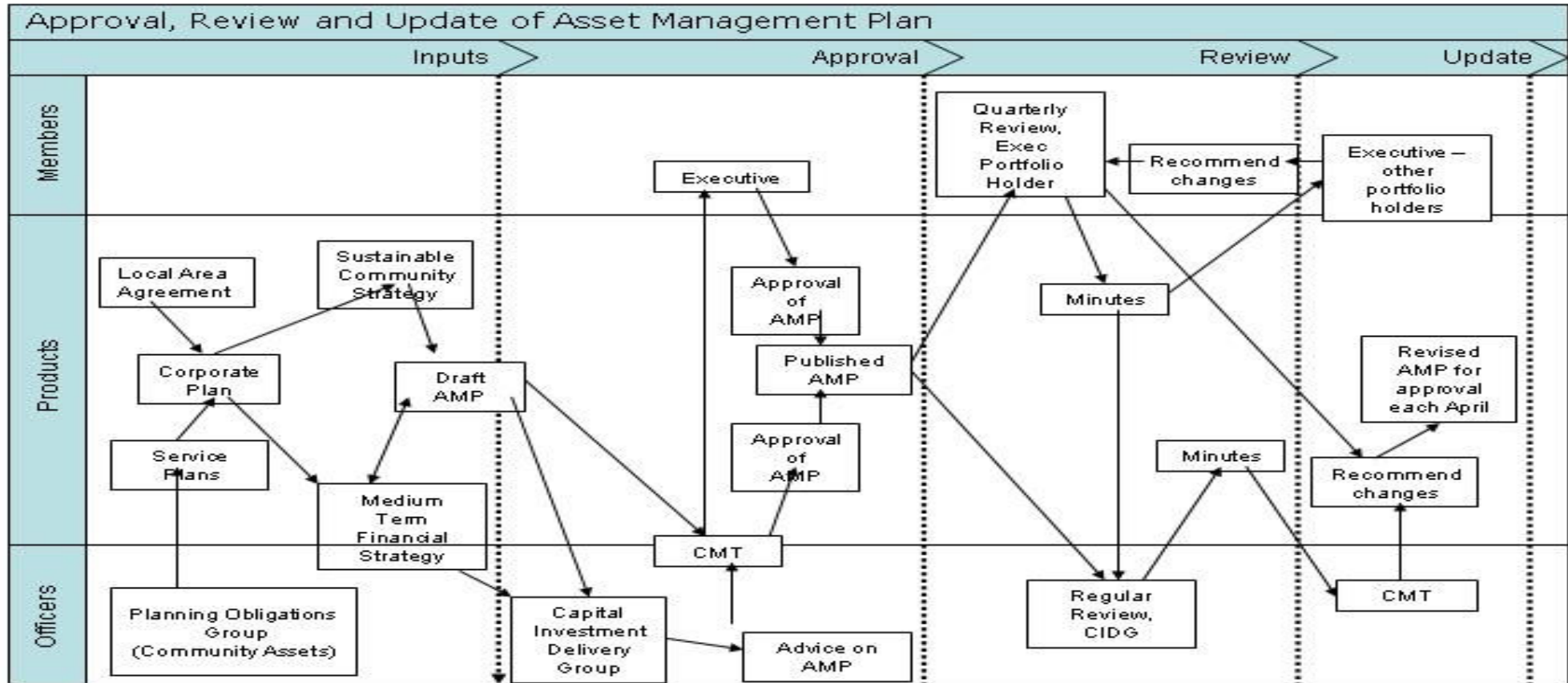
When making a decision to invest in capital assets, the Council must now do more than simply determine whether it can afford the immediate cost. In order to ensure long term affordability, the decisions have also to be prudent and, in the long term, sustainable. In considering the affordability of its capital plans, the Council must consider its wider financial strategy, as set out in the Medium Term Financial Strategy (MTFS). The MTFS anticipates significant reductions in government grant in years to come, although the precise detail of such reductions is, as yet, unknown. This will create further pressures for reductions in revenue spending. Consequently, there will be increasing pressure to identify efficiencies and areas where revenue income can be increased, and expenditure reduced. The MTFS also recognises that the amount of capital available for investment in future projects has reduced substantially in recent year, and consequently there is likely to be the need to generate capital receipts to finance future projects in years to come.

The authority is also required to consider known significant variations within, and risks beyond, the timeframe of the MTFS. This requires the regular update of three-year revenue forecasts and three-year forward estimates of Council Tax as well as three-year capital expenditure plans. Also, when considering affordability, the Council must pay due regard to risk and uncertainty. Risk analysis and risk management strategies should be taken into account. This means that all schemes must have full project appraisals including a value for money assessment (i.e. an

option appraisal to compare the various ways of funding assets and to highlight the most prudent form of funding) and must detail any revenue impacts.

The use of PRINCE2 project management methodology is mandatory for all projects of more than £50,000 value.

A diagrammatic representation of these governance arrangements is set out below



Community engagement and consultation

Cherwell's property portfolio is relatively small. However, it is focussed on service delivery, and minimising administrative cost, whilst community self-management where possible combines to give it a large impact on peoples' daily lives. At the centre of this commitment is a general policy of seeking to transfer ownership and management of community assets to the lowest possible level, usually to parish or town council or directly to a community association. Provision is made for ongoing maintenance of new assets by commuted sums.

Beyond this most of the major elements of the programme set out in this plan draw on extensive community engagement and recognised priorities:

- the proposals for the redevelopment of Bicester Town Centre have been subject to major consultation with the public and with businesses.
- a public consultation event was held prior to the submission of the planning application for the redevelopment of the Orchard Way site.
- the proposed development of a new civic building in Bicester, to include a Linkpoint, is part of the programme to improve public access to services by replacing unsatisfactory premises.
- A public consultation exercise was held to consider options for the Market Square, Bicester improvement scheme, which includes the Council's Market Square car park.

The council is increasingly working with partners to maximise benefit, for example:

- potential joint venture with Kidlington Parish Council for development of shared offices and a Linkpoint. The council already lets space to the Citizens Advice Bureau and Kidlington Information Centre at Exeter Hall.
- shared used of Bodicote House with the County Council, and following the Old House refurbishment scheme, potentially with other partners. The intention is to offer facilities for partner organisations to occupy, generating income for the Council, and potentially reduce the financial support those partners require.
- shared space with the County at Thorpe Lane depot .
- provision of space for County services (library) in the Bicester Town Centre development, combining budgetary contributions form both councils.
- working with a Housing Association to redevelop the mixed use site at Orchard Way.
- the council also has shared use agreements with two schools for use of leisure facilities, and there are joint use agreements in place with OCC to provide school use of all three sports centres.
- the council engages as a matter of course with community associations and parish/town councils around the effective management and maintenance of properties, giving support and allocating resources where required. It also has regular liaison with the heads of property at the county council, other Oxfordshire

districts, the police authority and the PCT to discuss surplus property and shared use, and there are many examples of asset development issues being raised at the quarterly meeting between the leader of Cherwell and the Deputy Leader of Oxfordshire County Council (e.g. new libraries in Bicester and Banbury)

- working with the Oxfordshire Primary Care Trust to assist them to develop a GP led Health Centre in Banbury, utilising the Council's surplus town centre offices, whilst generating a revenue income for the Council.

Finally, Cherwell is working hard to ensure that its corporate objectives align to community priorities and ambition both locally and in Oxfordshire as a whole, as expressed in the Local Area Agreement and Oxfordshire Sustainable Community Strategy. With specific reference to the latter Cherwell's asset management has a major contribution to make to achieving targets around:

- reductions in carbon dioxide emissions.
- meeting housing need.
- more effective waste management.
- development and regeneration of market towns.
- a strengthened voluntary and community sector.
- increased participation in sports and cultural activities.

Performance monitoring and management

The Council uses property Performance Indicators as a framework for setting targets and improving efficiency. Whilst these indicators reflect the overall performance of the portfolio, the data is collected for individual properties, and consequently it is possible to assess the performance of each property and determine where action is required to improve performance. The principal indicators are as devised and recommended by central Government, and were first implemented with effect from 2006/07. These Indicators are monitored and reported upon through the Performance Management Framework where appropriate. The outturn for 2009/10 is attached at Annex 1, compared to previous years where applicable, and with targets for 2010/11.

The property performance indicators measure the condition of the Council's building stock and the cost of maintenance, together with the expenditure incurred on energy and water consumed. Other indicators cover the suitability, accessibility and use of properties.

The picture emerging from the monitoring of indicators over the past 2- 3 years is generally a good one:

- 94% of the stock is either in satisfactory or good condition, the element falling below this relating wholly to a depot site at which the issues are well known and for which the intention is to dispose of in the not too distant future.

- of planned maintenance the vast bulk is of the lowest priority (desirable), and none is considered to be in the top category (urgent). To a large degree this reflects the Council's prudent use of revenue and capital to maintain its assets in a good and serviceable condition.
- although the council has been hit by higher energy bills driven by globally rising wholesale prices it is continuing to pursue future year on year reductions in carbon dioxide production and water costs. Over the last year energy consumption and hence CO2 produced has increased, but this is attributable to the completion of the sports centre modernisation scheme, including the re-opening of Woodgreen open air pool. There have been significant reductions at individual sites such as Bodicote House.
- All public buildings have been subject to an accessibility audit and have appropriate Accessibility Plans in place.
- there is no significant rent arrears problem, and tight control is maintained. However, the level of arrears is rising due to the recession, and close monitoring is necessary, and action may need to be taken if problems become worse.
- the proportion of capital spend absorbed by fees is monitored, although this varies somewhat according to the nature of the schemes completed each year.

The return achieved on investment properties is monitored and reported to the Portfolio Holder as part of the annual review of investments. In order to do this, the valuation of investment properties is updated annually as a desk-top exercise. This ensures that the return is calculated by comparing the actual income to the current capital value. All properties are re-valued formally every five years, in accordance with CIPFA guidance, with approximately 20% being reviewed each year. All valuations are carried out in accordance with the appropriate guidance notes published by the Royal Institution of Chartered Surveyors.

In the short term the Council needs to work closely with any tenants who experience financial difficulties, to try and ensure that they are able to pay their rent. It has to be recognised that, should units become vacant, they may be difficult to re-let. There is close dialogue between staff managing the portfolio, and those collecting rents, to ensure that any arrears arising are managed appropriately, and to ensure that income is maintained so far as possible.

The Council needs to consider other opportunities to increase its investment income, which may involve the direct acquisition of property related assets. Opportunities to increase the Council's equity in existing assets need to be considered, in order to build capital value and income potential. Where possible, the Council will seek to increase income by offering additional services to tenants where the Council can offset part of its fixed overheads against a service charge.

The Council no longer owns a conventional housing stock, but there may be opportunities to utilise cash to assist those in housing need, such as through the provision of mortgages (probably in association with a competent specialist financial body), loans to Registered Social Landlords, and support for shared ownership housing schemes, or investment in property acquisition with RSLs. The field of social housing provision is likely to be an area of significant change in the next few years and the council will be alive to considering any new property investment routes that can support its Housing Authority role.

The council requires more directly comparable data for most of the performance indicators, and this is one area where action is planned in the next year to benchmark performance. This will also better enable us to set realistic targets in key areas, for example around emissions. National performance data is not necessarily directly comparable, as much of it is derived from Councils with quite different and larger property portfolios. Data from Councils with more similar property portfolios is being sought.

One to five year plan

Drawing on all the above, the principles which guide asset management over the next one- to- five years are:

- supporting the delivery of the five year milestone targets in the corporate plan.
- supporting the specific asset requirements of detailed service plans.
- monitoring occupancy and condition to inform action and decisions on reallocation or disposal.
- seeking and taking opportunities to generate capital receipts which can support the wider capital programme.
- seeking and taking opportunities to generate additional income from property assets and appropriate new property investments so as to support the Council's wider financial and capital strategies
- monitoring return on investment property to ensure that continued ownership is financially prudent, and to ensure that long term income is safeguarded by working closely with tenants.
- utilising vacant commercial units to encourage new businesses through flexible letting terms and additional advice and support.
- using assets creatively, including in partnership with others, to enable regeneration and renewal.
- seeking to empower communities through transfer of assets, including newly acquired assets, to community associations, parish and town councils.

The Council's property portfolio is generally in sound condition. Adequate maintenance budgets have been provided so that there is no backlog of necessary maintenance, and there are no adverse impacts on service delivery as a result of properties which cannot be used for their designated purposes. However, following the refurbishment of Bodicote House, which generated efficiencies in the way in which space is occupied, there is a surplus of office accommodation. At present this is situated in Old Bodicote House, which is not fit for occupation due to structural concerns with some floors. Consequently the Council proposes to repair and refurbish this accommodation in order that the Council can respond flexibly to any interest in occupying the Council's surplus space. The Council needs to be in a position to let or share such parts of its overall office space as may suit both parties. This will have the effect of reducing the Council's net office accommodation costs.

The key challenges facing the council in managing its assets in the coming one-year and five-year periods are:

For operational assets:

1. Improving the efficiency with which the Council occupies its office accommodation. It was established some time ago that there is scope to

reduce costs by reducing the amount of floor space allocated per member of staff at Bodicote House. An accommodation review was undertaken, and a strategy approved to refurbish the premises in such a way as to permit much more efficient use of the premises, achieving an annual revenue saving. At the same time more flexible working practices such as home working has been introduced. As a result, it was possible to dispose of the Council's existing Banbury town centre offices at 58 Bridge Street to the PCT for their new Health Centre, achieving a significant efficiency saving for the Council. The Council and PCT have taken a partnership approach to the future of the building. As part of arrangements the Council has provided value added fit out and management contracts to support the PCT's service delivery occupation of the building. This was done by using the Council's own capital investment programme to refurbish the building in return for an increased rental income, and then adjusting current building services arrangements, following the transfer of this property into PCT use, so as to provide managed accommodation paid for on a rolling contract basis. This will provide good value to all partners. The council sought to move from a space requirement/allocation of more than 12sqm per FTE in 2006/07 to a target of 7.5 sqm per FTE by 2009/10. This was achieved, although the figure has increased again to 9.7 sqm in 2009/10. This is due to reducing staff numbers, and highlights the need to find other occupiers for spare accommodation at Bodicote House. In order to complete the Bodicote House project, and maximise efficiency, the old house refurbishment scheme must be completed, so that surplus space can be let or shared with others. Where opportunities exist to share premises, the Council needs to be conscious of the benefits of marginal pricing, where a contribution towards the Council's overhead costs reduces the cost to the Council overall.

2. At the same time the Council has rolled out its Customer Services project, which includes the construction of a Linkpoint at Bodicote House. This has made considerable improvements in the provision of first contact services to the public. A Linkpoint has been provided at the Banbury tourist information centre at Castle Quay, improving the range of services available in the town centre, whilst vacating the town centre offices at 58 Bridge Street so that it could be let (see above). Works have also been carried out to improve the facilities available at the area offices in Bicester and Kidlington, although, in the longer term, further improvements in service delivery are planned when more suitable premises become available. These projects will provide new opportunities for the shared use of premises for joint service delivery.
3. Resolving the problems posed by the ageing and underused depot sites. Following the decision by Charter Community Housing to move out of the Council's Thorpe Lane depot in Banbury, the depot was considerably larger than required. A scheme to refurbish the depot by demolishing surplus buildings and modernising others is being implemented. This will enable an industrial unit currently used for storage to be vacated, and returned to the investment portfolio in order to generate rental income. The letting of surplus accommodation within the depot to the County Council has been made possible. The opportunity to improve energy efficiency and reduce carbon footprint has been seized by improving insulation, reducing lighting demands, and installing renewable energy technologies. In Bicester, the Council's Highfield depot is in poor condition, and it was established some time ago that the site is larger than the Council requires. The intention is that the existing property should be sold, when the Thorpe Lane depot refurbishment has been completed. In the interim, the spare accommodation may be needed whilst works at Thorpe Lane are taking place.

4. Following the completion of the new Spiceball sports centre, the old sports centre has been demolished, and the site is available for redevelopment. In the short term a temporary car park has been constructed on the site. Currently a project has been initiated jointly with the County Council, and the Mill Management Committee, seeking to bring forward the development of this area as a cultural quarter. The County Council have capital available to invest in the construction of a new library, and aspirations to improve the adjacent Mill arts centre. Development proposals are being sought from the private sector to redevelop the site with a compatible range of uses, including replacement public car parking.
5. The implementation of the Council's emerging carbon management plan has a significant impact on assets, as the majority of the Council's carbon footprint relates to premises. Opportunities to introduce renewable energy have been taken as part of the depot refurbishment, and will be investigated at Bodicote House, particularly as part of the Old House project. Leisure centres are very high energy users, and the Council is working with the managing contractor to seek ways of reducing this. The museum is also a significant carbon producer, and measures to address this are to be investigated.
6. As a result of the proposed civil parking enforcement arrangements, under which the Council would take on responsibilities for on street parking enforcement, the Council may need to increase the number of parking wardens which the Council employs. The premises at Castle Street, Banbury, from which the existing wardens operate is only just adequate for the existing staff numbers, so this is an issue which will have to be considered.

Non-operational assets:

7. The Orchard Way shops site is considered to be in need of major investment. The site is in mixed use, comprising in part 8 unit neighbourhood shops of which 3 are currently vacant, together with social housing. The remaining shop leases are terminable on six months notice. Some of the social housing units are owned by the Council, and some are owned by a Housing Association. None of these units are currently occupied. The condition of the accommodation is such that the Council has decided to bring forward a comprehensive redevelopment scheme in partnership with an RSL in order to provide a reduced number of retail units to be managed by the Council, and an increased quantity of social housing. The Council has agreed to provide social housing grant to support this scheme, but currently the viability of the project is dependent on grant being provided by the Homes and Community Agency, and an application for this is outstanding.
8. The industrial investment comprising Units 1-7 Thorpe Way, Banbury has been identified as being in need of attention. The condition of the units is deteriorating, with leases expiring. Over the last year the Council has succeeded in renewing leases but two remain vacant. If the development is to be retained in the long term, substantial investment will be required in refurbishment or redevelopment. A discounted cash flow analysis has suggested that it may be more appropriate to dispose of the investment. The strategy is to secure new leases on all units, and consider offering the investment for sale at the appropriate time. However, currently the investment market is very weak indeed, with little investment finance available. It is

necessary to keep the strategy relating to this investment under review, with particular reference to the wider financial and capital strategy issues referred to in the overall AMP and in 10 below.

9. With declining investment returns on cash investments, the Council will need to maximise its investment income from other sources, in particular property. Whilst it would appear that investment values continue to decline, at some point the market will turn, and for those with cash to invest, there will be opportunities providing attractive investment returns. It may well be prudent for the Council to consider investing further substantial amounts of capital in good quality property related assets, where investment returns of 7% or more are likely to be available. It is proposed that any new investments in property should show an initial yield of at least 2% above the prevailing 12 month LIBOR rate. Meanwhile, the Council has resolved to invest in the Bicester town centre redevelopment scheme, by acquiring part of the investment to be created. This achieves two objectives; firstly it assists in the financing of the scheme helping the Council's development partner to bring forward the development, and secondly, it increases the Council's investment in property.
10. An opportunity exists to utilise vacant retail and industrial units for economic development purposes, by seeking to let on flexible terms, in order to encourage small and new businesses. Additional support and advice may be provided to tenants through Oxfordshire Business Enterprises and other agencies. There may be no short term loss of income if the units would otherwise remain un-let, although in the medium term, the Council may receive a lower income when the property market improves, and this approach is likely to reduce asset value. Consequently it is proposed that the policy be reviewed annually, to consider whether it should continue.

Community assets:

11. The Council owns numerous parks and areas of public open space, together with a number of community centres, which are held as community assets. The majority of the areas of open space were originally held as Housing land, being situated on the former housing estates, but having been retained when the housing stock was transferred. All this land has been subject to an exhaustive review to identify any parcels having development potential, so that they may either be used for the provision of affordable housing, or sold in order to generate capital receipts.
12. Much of the land which was retained as amenity land when the former housing stock was transferred is subject to restrictive covenants given to Charter Community Housing, which require the Council to maintain these areas for amenity purposes. Consequently, it is not usually possible to dispose of these areas either for development, or to adjoining owners as garden extensions. However, the Council does seek to exploit any opportunity which may arise to obtain capital receipts, such as from the grant of rights enabling the development of adjoining land. A number of parking areas are also retained where permission has been granted to erect private garages, and ground leases are in place in respect of these. Historically these assets were acquired for housing purposes, and have now been formally appropriated, and are held as investment assets. This does not change the general assumption that, should residential development become possible, the first priority is to use them to provide additional affordable housing.

13. New community assets are acquired regularly on new developments, generally secured under planning agreements. These may comprise areas of public open space, or may comprise community centres, such as the recently acquired Hanwell Fields Community Centre. Parks and areas of public open space are generally passed over to Town or Parish Councils for future management, but there are occasions when it has proved necessary for this Council to retain ownership in order to ensure the facility is provided. The acquisition of such assets is generally accompanied by a commuted capital sum which is used to finance future maintenance. The planning agreement for the South-West Bicester development will provide for the acquisition of a significant area of land for sports facilities.

14. The new Government is keen to encourage participation by community groups in the ownership and management of community assets. Currently the Council's community centres are let to community groups on nominal rental terms, but with the Council normally retaining some repairing responsibilities. The Council provides financial support by undertaking some repairs, and in some cases through the payment of service charges. It would be consistent with Government policy to transfer the ownership of these properties to community groups, and this would reduce the Council's revenue costs. It is proposed that the possibility of this be investigated, although it is anticipated that few groups will be in a position to take on full responsibility for the future ownership of the properties.

**ANNEX 1: PROPERTY PERFORMANCE INDICATORS
2009/10 OUTTURN**

Measure	benchmark average *	08/09 outturn	09/10 target	09/10 outturn	10/11 target
% of floorspace in conditions A-D good, satisfactory, poor or bad	A – 14% B – 65% C – 20% D – 1%	A – 65% B – 30% C – 5% D – 0%	A – 64% B – 31% C – 5% D – 0%	A – 78% B – 16% C – 6% D – 0%	A – 64% B – 36% C – 0% D – 0%
% of planned maintenance which is urgent, essential or desirable	1 – 12% 2 – 41% 3 – 47% £155 psm	Due to the programme of on-going works, no surveys have been done to update the maintenance plans which provide this data	1 – 15% 2 – 35% 3 – 50%	1 – 20% 2 – 80% 3 – 0% £5.73 psm	1 – 0% 2 – 50% 3 – 50%
Energy costs/consumption	(i) £9.59 psm (ii) 218.79 kWh psm	£13.13 psm 268.4 kWh psm	£13.9 psm 183 kWh psm	£10.37 psm 211.8 kWh psm	£13.9 psm 175 kWh psm
Water costs/consumption	(i) £1.52 psm (ii) 0.88 m3 psm	£0.52 psm 0.24 m3 psm	£0.79 psm 0.47 m3 psm	£0.76 psm 0.56 m3 psm	£0.8 psm 0.47 m3 psm
CO2 consumption	0.102	0.10 tonnes psm	0.035 tonnes psm	0.057 tonnes psm	0.032 tonnes psm
% of Portfolio by GIA sq.m., for which a Suitability Survey has been undertaken over the last 5 years.	60%	50%	50%	50%	50%
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	N/A	1	3	1	3
% Of Portfolio by GIA sq.m., for which an Access Audit has been undertaken by a competent person.	88%	100%	100%	100%	100%
Number of properties, for which an Access Audit has been	N/A	31	30	30	30

undertaken by a competent person.					
% of Portfolio by GIA sq.m., for which there is an Accessibility Plan in place	66%	100%	100%	100%	100%
Number of properties, for which there is an Accessibility Plan in place.	N/A	31	30	30	30
% rents payable during the year which are received	N/A	97.12	97.5%	95.4%	98%
Net income on the Council's investment portfolio (NB yield for new investments to be minimum 2% above 12 month LIBOR)	N/A	7.07%	6.5%	6.82%	6.5%
Average sq. m office accommodation per member of staff**	N/A	8.5 sq m	7.5 sq m per member of staff	9.7 sq m per member of staff	7.5 sq m per member of staff
Average sq m office accommodation per workstation**	N/A	10.05	No target	9.27	
Ratio of fees to expenditure on construction capital projects.	N/A	3.73% (two schemes of which one was design and build)	10%	12.25%	10%

* - Benchmark averages are derived from CIPFA's national best value benchmarking scheme, and comprise to the most recent data available. This refers to 2006/07 and is derived from District Councils.

** Measured for Bodicote House only. Net internal floor area excluding toilets, kitchens, fire escape routes and the civic suite comprising the Council Chamber and Cherwell and Sor Brook rooms. The floor area includes other meeting rooms, Members' rooms, storage and copying rooms. Old Bodicote House and the Stables restaurant/external storage and training rooms are not included. Reported both on the basis of the number of workstations provided, and the number of staff based at Bodicote House.